

**State Of California**

**Public Utilities Commission  
San Francisco**

**M E M O R A N D U M**

**Date:** April 29, 2002

**To:** The Commission  
(Meeting of May 2, 2002)

**From:** Bill Julian  
Office of Governmental Affairs (OGA) — Sacramento

**Subject:** **AB 2467 (Goldberg)** – This bill would make it California state policy that California residents perform the tasks and duties necessary for rendering intrastate telephone service.

The CPUC-OGA requests a formal position by the Commission for the above Assembly Bill. Please find bill summary attached.

**AB 2467 (AM Goldberg) - Telephone Corporations: Employment**

**Recommendation: SUPPORT WITH AMENDMENTS**

**Summary:** AB 2467 would make it California state policy that California residents perform the tasks and duties necessary for rendering intrastate telephone service.

**Comments:** The bill seeks to promote employment in the state by enacting a policy that mandates that only California residents perform the tasks and duties necessary for providing intrastate telephone services.

**Analysis:** TD recommends that the CPUC support AB 2467 with amendments. TD generally supports the concept of promoting employment in California. However, the bill's conclusions on competition and the monopoly status of telephone corporations should be amended. In addition, the bill is currently difficult to implement and should identify the type of telephone corporations and specific employee functions within those corporations to be covered.

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Date: April 28, 2002

**Bill Language**

BILL NUMBER: AB 2467            INTRODUCED

BILL TEXT

INTRODUCED BY   Assembly Member Goldberg

FEBRUARY 21, 2002

An act to add Section 710 to the Public Utilities Code, relating to telephone corporations.

**LEGISLATIVE COUNSEL'S DIGEST**

AB 2467, as introduced, Goldberg. Telephone corporations: employment.

The Public Utilities Act governs the rights and obligations of public utilities, including telephone corporations, and subjects them to regulation by the Public Utilities Commission.

This bill would provide that it is the policy of California, consistent with constitutional requirements, that the tasks and duties necessary for the rendering of intrastate telephone service by telephone corporations be performed by California residents.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) Public utilities serve a vital function, providing basic infrastructure essential to the efficient conduct of commerce and societal interaction.

(b) Because of the essential nature of public utility services and the economics of the production of public utility services, state policy has shielded the public utilities from competition by granting

the public utilities monopolies within their service areas.

(c) Though public utility markets have been increasingly subject to competition, the public utilities have nevertheless retained distinct competitive advantages versus their competitors because of actions taken by the Public Utilities Commission.

(d) In exchange for the state's granting of public utility monopolies or near-monopolies, the public utilities bear a heightened responsibility for contributing to the public interest.

(e) The public interest has been interpreted to include providing an adequate level of public utility service at a just and reasonable rate. This interpretation has not explicitly included a consideration of the benefits of public utility employment to the state and its residents. A more complete interpretation of the public interest would give this consideration some weight.

(f) Given the current poor economic climate and the high unemployment rate within the State of California, it is necessary and proper state policy to encourage the employment of Californians and discourage the employment of non-Californians by California's public utilities.

(g) The Public Utilities Commission has broad powers to regulate the practices and rates of public utilities.

SEC. 2. Section 710 is added to the Public Utilities Code, to read:

710. It is the policy of the State of California, consistent with the federal and state constitutions, that the tasks and duties necessary for the rendering of local telephone service within the state shall be performed by residents of California.